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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 UNITED STATES OF AMERICA,

4 v.

20 Cr. 396 (NRB)

5 TRACY REYNOLDS,

6  
7 Defendant.

8 Sentence

9  
10 New York, N.Y.  
June 7, 2021  
12:10 p.m.

11  
12 Before:

13 HON. NAOMI REICE BUCHWALD,

14 District Judge

15 APPEARANCES (Via Microsoft Teams)

16 AUDREY STRAUSS

17 United States Attorney for the  
Southern District of New York

18 BY: MICHAEL R. HERMAN

Assistant United States Attorney

19 MARANDA E. FRITZ

20 Attorney for Defendant

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1 THE COURT: This is the matter of United States of  
2 America v. Tracy Reynolds, 20 Cr. 396.

3 Let's start in the traditional way of taking  
4 attendance.

5 First who is on the phone for the government, please.

6 MR. HERMAN: Yes. Good afternoon, your Honor. It's  
7 Michael Herman for the government.

8 THE COURT: Okay. And who is on the phone for the  
9 defendant?

10 MS. FRITZ: Ms. Reynolds is here. You have Maranda  
11 Fritz, representing Ms. Reynolds. We have nobody on the phone  
12 line.

13 THE COURT: Okay. And I see that Sam Mauro is our  
14 court reporter today, is that correct?

15 THE COURT REPORTER: Yes. Good afternoon, your Honor.

16 THE COURT: Okay. Thank you. I see my law clerk, and  
17 a few other face-like pictures.

18 So just who else is on the phone, please?

19 MR. HERMAN: Your Honor, this is Michael Herman, for  
20 the government. There may be on the phone some agents who  
21 investigated this case, as well as there may be a number of  
22 interns from our office.

23 THE COURT: All right.

24 To cover some preliminary matters or further  
25 preliminary matters, first, I have received a written consent

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1 to proceed today by videoconference, which we did earlier for  
2 Ms. Reynolds' plea.

3 Let me confirm nonetheless with Ms. Reynolds that you  
4 consent to proceed today by videoconference rather than  
5 in-person.

6 THE DEFENDANT: Yes, your Honor. Thank you.

7 THE COURT: Okay.

8 And you discussed your options, I presume, with  
9 Ms. Fritz in advance of this sentencing proceeding.

10 Is that correct?

11 THE DEFENDANT: Yes, your Honor.

12 THE COURT: Okay. Let me say that I have concluded  
13 that this sentence should not be further delayed without  
14 serious harm to the interests of justice.

15 Okay. Let's return to the more traditional aspects of  
16 the sentence.

17 First let me confirm that I have received all the  
18 documents that I should have in connection with the sentence.

19 First, there was the pretrial services report that was  
20 dated April 27, 2021; the defendant's sentencing submission  
21 that was filed on May 28 of this year; and, finally, the  
22 government's sentencing submission which was filed on June 2,  
23 2021.

24 Were there any other documents that I should have  
25 received in connection with the sentence, with the

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1 understanding that when I reference the sentencing submissions  
2 I'm including any exhibits that were attached to them?

3 MR. HERMAN: Not from the government, your Honor.

4 MS. FRITZ: No.

5 THE COURT: Were there any other documents I should  
6 have received?

7 MS. FRITZ: No, your Honor.

8 THE COURT: All right.

9 And let me confirm that both parties have received a  
10 copy of the presentence report and that, Ms. Fritz, you had the  
11 opportunity to review it with your client.

12 MS. FRITZ: Yes, I did.

13 The addendum to the report reflects various comments  
14 and objections that were made by the defense, and, yes, that  
15 was based on my review and my review with the client.

16 THE COURT: And do I assume that any objections you  
17 had to the report are reflected in the comments that are  
18 reflected in the report?

19 MS. FRITZ: Yes, they are. Thank you, your Honor.

20 THE COURT: Mr. Herman, does the government have any  
21 objections to the report?

22 MR. HERMAN: No, your Honor.

23 THE COURT: All right.

24 Ms. Fritz, let me give you the floor.

25 MS. FRITZ: Thank you. Thank you, your Honor.

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1           Having read so many cases, as many as I could find I  
2           should say over the last few days, I just wanted to begin by  
3           talking a little bit about what this case isn't.

4           I reviewed some cases in order to understand better  
5           what sentences have been imposed in these kinds of cases, and I  
6           have to say it's very hard to find cases that are similar.

7           I reviewed cases, even one that your Honor handled,  
8           that have similar charges, but the cases are completely  
9           different. So I wanted to begin by emphasizing this is not a  
10          case where there is forced conduct. This is not a trafficking  
11          case. This is not a case where there's gangs or violence. And  
12          it certainly is not a case where there were any minors  
13          involved.

14          This is a very different kind of case. This is a  
15          high-end escort service. As Mr. Herman emphasized, the women  
16          were charging \$700 to \$1,000 an hour, so an arrangement with a  
17          man could cost thousands of dollars.

18          That's what we're dealing with here. We are not  
19          dealing with victims. That is something that the PSR  
20          emphasizes. We are not dealing with victims or minors.

21          So what we have, even in terms of the guidelines, is a  
22          beginning point of a 13, a level 13. That then brings us to  
23          what is really the only analytical issue that's disputed  
24          between the government and me, and that is what, if any,  
25          enhancements should be applied to that level 13 based on

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1 Tracy's role in these activities.

2 So, in my papers, and I understand that your Honor has  
3 reviewed them, we have gone through what we think is the  
4 correct analysis.

5 We've gone through, first, the issue of whether there  
6 are five or more participants. Now here we know that there's  
7 two individuals who were charged. We also know that there's  
8 references both by the government and by probation to  
9 Ms. Reynolds' sister. So we know that we are talking about two  
10 or three individuals who even arguably would constitute  
11 participants within the meaning of the provision. So I think  
12 that's undisputed. We are talking about two or three  
13 participants.

14 Well, that then shifts the analysis.

15 And so the government goes to, well, is it otherwise  
16 extensive?

17 And so I've taken a look at the case law. And we have  
18 the *Carrozzella* case that talks about the fact that when you  
19 are talking about otherwise extensive -- and I thought this was  
20 interesting language -- it's not about extensiveness in the  
21 colloquial sense. It is about the number of people that are  
22 organized or led in the criminal enterprise.

23 So what you are looking for is, was this a significant  
24 criminal enterprise? I would argue that saying that this  
25 conduct that we are seeing here as presented to the Court, I

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1 would argue that suggesting that that is otherwise extensive  
2 actually sort of minimizes what we know to be conduct that is  
3 extensive.

4 I would argue that, to the contrary, this has not been  
5 proven to be otherwise extensive. And I notice that when we  
6 look at the factors that are relied upon in the PSR or by the  
7 government, in both instances the argument for why it's  
8 otherwise extensive is being made based primarily on a monetary  
9 figure that's involved.

10 And that, again, is something that the *Carrozzella*  
11 case says is not the issue. When you are looking to whether a  
12 criminal enterprise is otherwise extensive, according to that  
13 case, you don't focus on the amount at issue. Again, you focus  
14 on whether this is a significant criminal organization in terms  
15 of its size.

16 So on that issue I still come away maintaining that  
17 here there are not five or more participants. I think the  
18 evidence presented by the government does not establish that it  
19 is otherwise extensive, and so I would argue that what we have  
20 here is something that falls into the 3B1.1(c) category.

21 Separate and apart from the number of participants or  
22 otherwise extensive, the Court has to take a look at the issue  
23 of what Ms. Reynolds' role was. And I think, looking at the  
24 paperwork, both probation's and the government's submission, I  
25 maintain that it's clear that this operation, this enterprise

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1 was started and directed and established by Mr. Cohen, not  
2 Ms. Reynolds, that she was not an instigator in this. She was  
3 not a leader in this.

4 In fact, I would argue, while Mr. Herman would argue  
5 that she is an organizer or leader, I would maintain she was  
6 led, that this is the classic example of somebody who is being  
7 led and directed who then serves as -- and, yes, I agree -- as  
8 a manager. So in my view she falls squarely within that  
9 definition of managing.

10 Those are the issues, the legal issues, with respect  
11 to the guideline analysis.

12 I do believe that we start with a 13, and that the  
13 two-level increase under 3B1.1(c) would be the increase that  
14 would be appropriate in terms of role.

15 Putting that aside, though, and perhaps far more  
16 important, whether it's level 15 or not, this Court has every  
17 option before it in terms of what an appropriate sentence is.

18 We have seen in the last couple of years, both through  
19 the First Step Act as well as the CARES Act, we've seen a real  
20 emphasis on alternatives to incarceration for those individuals  
21 who don't pose a risk to the community or a danger of  
22 recidivism, and that I would argue is exactly what we have  
23 here, even according to the PSR.

24 So that's where we are in terms of a traditional  
25 analysis. But what probation didn't take into account, even



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1     though probation obviously recommends a nonguidelines sentence,  
2     what they didn't take into account is the fact that this is a  
3     case where, from the outset, Tracy sought to cooperate. She  
4     waived indictment. She pled guilty.

5             She went through proffer sessions with the government,  
6     but this happens to be a case where the lead defendant is not  
7     available to the government. They don't know when they are  
8     going to end up trying that case. They don't know when they  
9     are going to be able to obtain his extradition.

10            So, for those and other reasons, ultimately  
11     Ms. Reynolds did not receive a cooperation agreement, but I  
12     believe Mr. Herman agrees that when she came in, when she spoke  
13     to them, she was forthcoming, and she made every effort to  
14     cooperate. So that's a fact that I think the Court should  
15     weigh in terms of evaluating what the appropriate sentence  
16     would be.

17            On that point, by the way, I have to correct something  
18     that I said in the sentencing memo. Ms. Reynolds was actually  
19     arrested without there being any communication with counsel.  
20     So there had been no opportunity for any preindictment  
21     resolution or discussion.

22            She was actually arrested on her way to a music  
23     convention, a group of individuals that she would meet with or  
24     travel with every year in order to study certain singing and  
25     vocal techniques.

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1           She was arrested at the Tampa airport. At one point  
2           in my submission I said she was arrested in Colorado, and that  
3           was an error. She was on her way to a convention.

4           But after that arrest, as soon as she and I began  
5           dealing with one another, we began working through to speak to  
6           Mr. Herman, again to waive indictment, to plead guilty, and to  
7           cooperate.

8           So I think all of those are significant things that  
9           factor into this.

10          Okay. But, for more important than any of that, your  
11          Honor, far more important than any of that is Tracy. You've  
12          seen from the probation report -- I would argue that the report  
13          really reflects the fact that, even under the current  
14          circumstances of COVID, where there's very little contact that  
15          occurs between the people that are involved, the probation  
16          report reflects that they were somehow impressed with her.

17          They go on at some length, the mitigating factors in  
18          this case outweigh the aggravating factors; that she has been  
19          compliant under supervision and will present no issue; that the  
20          risk of this defendant rescidivating is low; that she currently  
21          has strong familial support from family and from her boyfriend  
22          of 22 years; that she does not pose any danger to the  
23          community. So all of those are basic things that even the PSR  
24          is putting forth for your Honor.

25          But beyond that, way beyond that, I would like to

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1 think that the letters that your Honor received either  
2 individually or even more so collectively really present an  
3 amazingly consistent picture of who Tracy Reynolds really is.

4 Over and over in these letters you see the same points  
5 being made by the individuals that have known her. You see how  
6 dedicated she's been to her family, the way that she always  
7 helped her grandparents, the way that she helped her sister and  
8 is still -- still -- working to do whatever she can with her  
9 niece.

10 Over and over again she's called hard working and  
11 diligent, dedicated. One of the individuals at the end talks  
12 about the fact, I thank God that Tracy entered my life. One  
13 person after another talks about the kindness and the warmth  
14 and the generosity that is Tracy Reynolds.

15 In addition to that, what I would ask your Honor to  
16 focus on is the fact that not only does Tracy feel incredible  
17 regret and remorse over all of this activity now, I would ask  
18 your Honor to remember that Tracy was regretful of her  
19 involvement with Cohen even while this was occurring.

20 Now, I've tried to present a picture of the fact that  
21 Tracy came to New York as a young woman on her own and that she  
22 ended up working in what was advertised as a marketing  
23 position, and that, yes, slowly but surely Mr. Cohen had Tracy  
24 handling bookings and appointments, dealing with things like  
25 that.

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1 But I would emphasize that in 2006 Tracy herself  
2 walked away from this and moved back to Colorado. She wanted  
3 not to have anything more to do with him. And so for five  
4 years Tracy went on about her business to live her life the way  
5 Tracy would live her life had she not been led or misled I  
6 would argue.

7 So then we get to the point in 2011 where he contacts  
8 her again. Yes, Tracy gets involved again and agrees to  
9 operate the business and manage the business. But I would  
10 emphasize, after going through some incredibly difficult  
11 personal losses in 2017 and 2018, Tracy made her decision to be  
12 done with him. And in September '19 -- and it's borne out by  
13 the government's submission -- Tracy ceased her involvement  
14 with limit.

15 Now, this is months before there was any arrest.  
16 Tracy Reynolds had no earthly idea that there -- I don't know  
17 if there was an investigation at that point, but certainly she  
18 certainly had no knowledge of any.

19 This was a personal decision that she had made. Had  
20 there not been an arrest the following February, Tracy would  
21 have simply lived her life having nothing more to do with him.

22 So, while she made a great many, great many mistakes  
23 and very poor decisions being involved with him, she brought  
24 herself back to getting away from it before there was any  
25 arrest.

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1           She explains to the Court in her letter that she has  
2           deep remorse about what happened; that she regrets very much  
3           what occurred, but that she also has tried incredibly hard  
4           since the arrest to put together a productive life.

5           This is a gal that has worked two or three jobs at a  
6           time to support herself. Within the last couple of months, she  
7           actually got a new job that's involved with search engine  
8           optimization for a company.

9           As we pointed out in the documents, she applied for  
10          and she was accepted to a program that will allow Tracy to use  
11          her music in a healing way in order to deal with individuals  
12          who are in hospice care.

13          Having gone through that last year with my father, in  
14          hospice care any kind of love and gentleness and kindness that  
15          can possibly be shown under those circumstances is sorely,  
16          sorely needed.

17          In terms of the purposes of sentencing and what  
18          Mr. Herman says is necessary, certainly no incarceration is  
19          needed in order to deter Tracy Reynolds. Tracy has been  
20          terrified throughout this process and desperately wants only to  
21          be able to continue to live a good life, contribute to her  
22          community. That's all that she wants in the world. So that's  
23          not necessary.

24          In order to punish, just purely to punish, well, this  
25          is an odd offense, and obviously it is serious and heaven knows

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1 we take it seriously.

2 But I would point out I was struck by an article that  
3 came out in March where thousands of cases that involve  
4 loitering for prostitution, prostitution-related activity, have  
5 been dismissed: 5,000 cases by the Manhattan DA, 262 by the  
6 Brooklyn DA, another 670 by the Queens DA.

7 This is an unusual offense, particularly here, where  
8 there are no victims involved in the activity. Heaven knows  
9 she has been punished and terrified. But if the Court were to  
10 impose incarceration, I want to emphasize, not only would Tracy  
11 lose her livelihood and end up back at square one, but also  
12 there is no facility in that area, there is not a single one  
13 that could house Tracy.

14 The closest facility is 617 miles away, nine hours by  
15 car. She would have no ability to maintain the support and the  
16 relationships with her family, with her friends, with her  
17 significant other of 20 years. She would be nine hours away at  
18 best.

19 And she does also have a diagnosis of diabetes. So,  
20 do we worry about what the conditions will be? Sure we do.  
21 And under recent issuance, including the CARES Act, Bureau of  
22 Prisons was encouraged to consider home confinement -- again,  
23 for circumstances that are exactly like this, where there's no  
24 danger of recidivism and no danger to the community.

25 So that is what we're asking the Court to do. The

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1 Court has all of the options of time served, of home  
2 confinement with a departure to a zone B, and we would ask that  
3 the Court allow Tracy to go and continue on a good path that  
4 she has been working hard to build and to maintain since the  
5 arrest in this case.

6 If, on the other hand, the Court were to impose  
7 incarceration, I would ask that Tracy be given a period of at  
8 least 30 days in order to self-surrender.

9 And I thank you. I thank you for all your  
10 consideration, Judge, throughout the proceedings.

11 THE COURT: What is the facility that you say is the  
12 only appropriate one remotely close to her home?

13 MS. FRITZ: There is a close facility called FCI  
14 Englewood. It's for men only.

15 THE COURT: Okay. That doesn't work.

16 MS. FRITZ: FCI Phoenix is 617 miles, and that was the  
17 closest I could find.

18 THE COURT: Does that have a camp?

19 MS. FRITZ: It does have a camp.

20 THE COURT: Okay.

21 Mr. Herman?

22 MS. FRITZ: Thank you, your Honor. There are a number  
23 of things that I agree with Ms. Fritz about, in particular  
24 that.

25 THE COURT: Just keep your voice up for Mr. Mauro's

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benefit. Okay?

MS. FRITZ: Yes, your Honor. Is that better?

THE COURT: I think he would find it better.

MR. HERMAN: Okay. Thank you, your Honor.

Like I said, there are a few things I agree with Ms. Fritz about. In particular, that this prosecution is not about criminalizing consensual commercial sex transactions, nor is it about a discreet prostitution enterprise that may have participated over a short period of time in New York.

This prosecution is a financial crime. It's about money laundering. The government has a large interest in ensuring the integrity of the financial system, both here and abroad.

In this case the government charged all three types of money laundering: You have promotional money laundering, concealment money laundering, and international money laundering.

Any one of those would be a serious crime that would require an important prosecutorial response, but here you have all three: You have the creation of bank accounts in which lies were made to banks in order to establish bank accounts through which commercial sex proceeds would flow. You have the movement of those funds throughout numerous banks accounts; the laundering of those funds through merchant banks, which established credit card transactions that were miscoded as



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1 online advertising. You have the transfer of those funds both  
2 throughout the United States and from the United States into  
3 Israel, and those transfers were ton in a way to conceal the  
4 proceeds.

5 As I mentioned, Ms. Reynolds mailed, we believe, an  
6 American Express credit card to Cohen in Israel, and they  
7 communicated e-mail several times about that. And then Cohen  
8 would withdraw small proceeds over a long period of time,  
9 thousands of times. And then Ms. Reynolds would pay those back  
10 from the prostitution proceeds in this country. And that was a  
11 way to send some of the proceeds to Cohen, but in a way to  
12 conceal and frustrate the international financial system.

13 So that's essentially the conduct.

14 Now, the one dispute the parties have over the  
15 guidelines, the base level offense is 14. I think Ms. Fritz  
16 said 13, but I think that she misspoke, it is 14. Two levels  
17 are added because of money laundering, so really the only  
18 dispute is about the leadership amount. The government  
19 believes four levels apply; the defense believes two levels  
20 apply.

21 Here, your Honor, we believe four levels apply for a  
22 variety of reasons.

23 First, there were more than five participants. I  
24 think what the defense fails to appreciate is that case law  
25 permits both witting and unwitting participants to be counted,

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1 and we cited a number of cases to that effect, including *United*  
2 *States v. Kent*, 821 F.3d 362, from the Second Circuit, 2016,  
3 which specifically requires a court to consider the number of  
4 knowing participants in the criminal activity and the number of  
5 unknowing participants whose activities were organized or led  
6 by the defendant with specific criminal intent.

7           So here we have both Ms. Reynolds and Mr. Cohen and  
8 her sister involved in the criminal conduct as well as the  
9 utilization of her boyfriend, the escorts who she personally  
10 interviewed and hired and who deposited the commercial sex  
11 proceeds in her bank accounts or sent her the credit card  
12 information so that the credit card transactions would go  
13 through, and then the phone records. In addition, accountants  
14 and others were used to establish the entities. So, your  
15 Honor, we believe there were well over five participants.

16           But you don't even need to rule about the number of  
17 participants because the criminal conduct was so extensive. It  
18 occurred over a substantial period of time.

19           This is Ms. Reynolds second go of it. She first did  
20 it in the early to mid 2000s and then rejoined the conspiracy  
21 in approximately 2011 or 2012. It lasted many, many years,  
22 eight or nine years, millions of dollars were involved, your  
23 Honor, and the underlying activity took place in numerous  
24 states, not only New York, but essentially all up and down the  
25 east coast.

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1           So, your Honor, we believe legally the four-point  
2 leadership enhancement applies. But regardless of which  
3 enhancement your Honor determines should apply, the government  
4 believes a sentence within the guidelines is appropriate here  
5 for many of the same reasons, including the extensive level of  
6 criminality, the fact that there were three separate money  
7 laundering objects, and the fact that the government's  
8 investigation in money laundering of illicit proceeds is very  
9 important to secure the fundamental nature of the financial  
10 system.

11           With respect to Ms. Reynolds' attempts to cooperate,  
12 your Honor read our submission, I won't repeat all of that. I  
13 will just mention that one of the reasons we did not offer her  
14 a cooperation agreement was because of the view that her and  
15 Cohen had similar levels of culpability.

16           While he established and formed the idea originally,  
17 she really ran the business. Her name is on the bank accounts,  
18 not his name. She's the one sending him what to post on social  
19 media. She is the one who is interviewing the escorts. She's  
20 the one who is opening the bank account.

21           So, ultimately, your Honor, unless your Honor has  
22 further questions, I know the submissions were extensive and I  
23 won't belabor the point, but those were some of the reasons the  
24 decision was made by the government and my supervisors.

25           In short, we submit a guidelines sentence is

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1 appropriate here.

2 Thank you, your Honor.

3 MS. FRITZ: If I may respond briefly.

4 THE COURT: Sure.

5 MS. FRITZ: It is very important that we just clarify  
6 something that Mr. Herman just spoke about. He was conflating  
7 the number of participants with whether conduct was otherwise  
8 extensive, and I think we need to now just remember that in  
9 order to be a participant and be counted as a participant, for  
10 purposes of that counting, one has to be criminally responsible  
11 for the conduct.

12 Now, Mr. Herman referenced a different idea, and that  
13 is when you shift over to "or was it otherwise extensive," the  
14 courts have permitted consideration of unwitting participants,  
15 but those two should not be merged.

16 That's why I said early on there are only three  
17 participants here under the definition of participant in the  
18 provision, which is one who is or could be criminally  
19 responsible.

20 The reason why I say that is we have Mr. Cohen, we  
21 have Ms. Reynolds. We don't have to argue about whether her  
22 sister was or wasn't criminally responsible. Let's assume that  
23 she would fall into that category.

24 With respect to Ms. Reynolds' boyfriend, first of all,  
25 let's remember when we start trying to say that a deposit to a

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1 flower shop account of the boyfriend, when we start looking at  
2 that as being what is proof of a significant criminal  
3 organization, I think it kind of proves the point, but I don't  
4 think in any of the materials there's any basis to find that he  
5 is criminally responsible for anything that happened.

6 So I would just emphasize, five or more participants,  
7 I think clearly not. Otherwise extensive, that's where the  
8 case law, as Mr. Herman said, permits consideration of others  
9 who may not have had knowledge of what was going on.

10 But, again, I would argue that this does not rise to  
11 the level of something that is otherwise extensive. If you  
12 look at the language of *Carrozzella*, that's looking for what  
13 was the size and scope of the criminal organization.

14 And, last but not least, I did try to find comparable  
15 cases because I feel like that's always something that the  
16 Court should consider.

17 And I have to be honest. It was tough. I found what  
18 I consider to be two comparable cases of this kind of escort  
19 service being run over significant periods of time, and then  
20 another one that is actually cited by the government. That's  
21 the *Hurant* case, where it was also a kind of an escort service,  
22 but it had aggravating factors because of the involvement of  
23 minors.

24 In that range of cases that I could find and where  
25 there are no aggravating factors, it certainly appears that

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1 these cases are often not prosecuted, but where there were not,  
2 and I found them anyway, I found two where there was no jail  
3 imposed. And I went all the way back to the Sydney Biddle  
4 Barrows case to try to identify.

5 There was another case that was an organization that  
6 was run by a Zumba dance instructor. There was no jail  
7 imposed. With respect to Mr. Hurant -- and again there was  
8 aggravating conduct there -- he received six months.

9 So I would argue that the government has not put forth  
10 anything that would suggest that a term of incarceration could  
11 be appropriate or comparable to any other case here.

12 And again, thank you, your Honor.

13 THE COURT: Ms. Reynolds, this is your opportunity to  
14 speak if you wish.

15 THE DEFENDANT: Yes, your Honor, thank you.

16 Words cannot say or express the deepest remorse I have  
17 had and regret for my actions and my involvement. And I'm  
18 truly, truly sorry.

19 I am on a good path now with my life, my work, my job  
20 and my music. I have a wonderful job that I love, and they  
21 treat me very well. I just ask for the Court to allow me to  
22 continue that.

23 Thank you.

24 THE COURT: All right.

25 Before imposing sentence, let me address the

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1 guidelines issue. Under 3B1.1, I do not rely on the five or  
2 more participants aspect of (a). Rather, my consideration is  
3 under the otherwise extensive prong.

4 It is clear from the commentary, let alone the case  
5 law, that it is appropriate to increase the guidelines  
6 calculation here by four levels.

7 First, just looking at the commentary, in determining  
8 whether an organization is otherwise extensive, all persons  
9 involved during the course of entire offense are to be  
10 considered, and that includes the unknowing services of  
11 outsiders.

12 But here there certainly are obvious examples of  
13 individuals who we can consider outsiders, and in this cause I  
14 certainly am not making any findings one way or the other  
15 about -- actually let me say that better.

16 I am not making a finding that either Ms. Reynolds'  
17 sister or her boyfriend or were active participants. But there  
18 are numerous others apart from the women who were providing  
19 their services and depositing the proceeds of their activity  
20 into the accounts, credit card accounts that Ms. Reynolds had  
21 set up.

22 There are numerous banks who unwittingly opened up  
23 accounts that were utilized for this crime. There is no  
24 question that Ms. Reynolds had decision-making authority, was  
25 actively involved in planning and organizing the offense, had

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1 considerable control.

2 In short, quite frankly, I don't think the legal issue  
3 is particularly close. The four-point enhancement for an  
4 aggravating role is warranted.

5 Having said that, let me say that I think that the  
6 probation department did an excellent job in analyzing the  
7 appropriate factors here, both aggravating and mitigating, and  
8 I will adopt their recommendation of a year and a day.

9 I certainly agree that there are no victims in this  
10 case, certainly not who have been identified. And I agree that  
11 there is no need for specific deterrence of Ms. Reynolds.  
12 Indeed I think it is indisputable that Ms. Reynolds has done  
13 everything postarrest that we would want a defendant to do.

14 She has endeavored to cooperate, to rehabilitate  
15 herself and to stay off all drugs, but in my role as a judge I  
16 cannot ignore the seriousness of the offense involved both in  
17 terms of the magnitude, a number exceeding \$11 million, and the  
18 length of time that Ms. Reynolds was involved, first from 2001  
19 to 2006 and then again from 2011 until the fall of 2019.

20 In sentencing, the Court must show respect for the  
21 law. And regardless, Ms. Reynolds knew she was breaking the  
22 law. Her involvement was active and it was uncoerced and she  
23 continued to engage in this enterprise even when Mr. Cohen had  
24 left the United States to go to Israel.

25 As much as I am troubled -- and I am -- by Mr. Cohen's



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1 involving Ms. Reynolds, who was certainly much younger than he,  
2 I am troubled by her involving her boyfriend and her sister.  
3 And as I said before, I am certainly not making any finding  
4 that either was a knowing participant, but regardless of their  
5 innocence, it was still wrong to do so.

6 So I impose, as I said, a year and a day; all of the  
7 mandatory standard and special conditions of supervised release  
8 for a period of two years.

9 There is a forfeiture of \$11,445,854.72 as well as the  
10 \$100 special assessment.

11 I am certainly going to recommend that Ms. Reynolds be  
12 confined in a camp for women as close to her home as possible.

13 And she certainly has 30 days to self-surrender. That  
14 might be extended if it takes the Bureau of Prisons a lengthy  
15 amount of time to designate her to an appropriate facility.

16 Although I believe it has been waived, let me advise  
17 Ms. Reynolds that she has the right to appeal the sentence that  
18 I have imposed.

19 Is there anything else I haven't covered?

20 MS. FRITZ: No, your Honor.

21 THE COURT: All right. Then I think we are done.

22 Thank you.

23 (Adjourned)